

I know these companies would say they are somehow unique and that bankruptcy simply will not work for them. I am not so sure about that. The Big 3 worry that today's financial environment would prevent them from securing debtor-in-possession financing from the private sector. They would need such funding to keep operating through a bankruptcy proceeding. This is where the government can step in. This would ensure that automakers have the funds to complete the Chapter 11 process.

The Big 3 also worry that few consumers would buy a car from a company that might not be around in a few years to stand by the car's warranty. Again, the government could step in and guarantee the warranties. After all, what is a better backup of a warranty than the full faith and credit of the U.S. Government? And if the government took these steps, wouldn't that give the Big 3 a good chance to successfully reorganize through Chapter 11 bankruptcy?

The Big 3 have testified before Congress that they would require about \$34 billion to avoid liquidation. They would need this help over the next year or two. Many independent analysts, however, believe that number may triple that. Frankly, I am more inclined to believe the independent estimates are closer to reality. After all, the Big 3 have time and again proven unable to adequately plan for the future. Why should we believe their projections now? With the deficit reaching \$1 trillion or more next year, why aren't we having a debate over the true cost of such a bailout? We should be worried about the U.S. taxpayer.

In this legislation, there has been talk about creating a "car czar" to oversee any restructuring that would accompany a bailout. This czar, however, would not have nearly the same sort of powers a bankruptcy court judge would have under Chapter 11. Injecting a government bureaucrat into the process is not a serious solution. If you have been around Washington long enough, you know it is more like a serious problem. Wouldn't it be better to have an expert such as a bankruptcy court judge oversee the process?

Not only would a bankruptcy judge have more tools than a car czar, but the judge would not be influenced by the political process. A bailout would invite all sorts of meddling from lawmakers to have the companies carry out their own pet policies. We should not be using this bailout as a vehicle to implement domestic social policy.

Not to mention that creditors or stakeholders will just lobby Congress to make the sort of concessions that would be required of them under the bankruptcy. We see this sort of lobbying right now with the TARP program. Everyone is trying to tweak the program to benefit their own narrow self-interest. Why would we expect the auto unions or suppliers or dealers to behave any differently? I worry that

politicizing the restructuring of the Big 3 would jeopardize any chances of success they may have.

All this talk of government-directed restructuring also raises bigger picture questions. Why does Congress think we can succeed where so many businessmen have already failed? What sort of experience in the car-making business does this Congress have? Last I checked, none of my colleagues have a background in running a car company. And this car czar seems doomed to failure too. One government bureaucrat to oversee the reorganization of three massive companies? What track record can we point to that makes us think this will work?

This strikes me as a questionable intervention by the government into the private sector. We have the government thinking it can run these businesses better than they can. Heck, we cannot even run the government. We also have the government choosing which individual companies deserve help and which do not. This is not what the Government should be doing. Government should not be picking winners or losers in the private sector. For the long-term health of the country's entrepreneurial-based economy, this could be a dangerous precedent.

One of the companies asking for a bailout is Chrysler, which is owned by an investment fund known as Cerberus. Some reports indicate Cerberus may have significant asset holdings, into the billions of dollars. But it appears Cerberus has done nothing to infuse any emergency cash into Chrysler to save it. Why should the government bail out Chrysler, when its own parent company seems unwilling to offer any help?

If we bail out the car companies, what does that mean for other struggling industries? The automakers are not the only ones suffering today in this bad economy. Would we have to bail out every large company in every major industry? Tourism is one of America's biggest industries and has a high employment multiplier, much like the auto industry. Hotel rooms are going empty as consumers cut back on travel. Many state economies, such as in my own State of Nevada, are hurting because of the downturn in consumer travel. Should the hotels receive a bailout? How about the newspaper industry? We know their businesses are hurting too. The Tribune Company filed for Chapter 11. Should we be bailing them out as well? Where do we draw the line? Can we even draw a line once we have given the Big 3 a bailout?

The proposed automaker bailout is indicative of a big-government approach to dealing with our economy. We are in the midst of a recession, yet we have come back for a late session of Congress to talk about saving just three companies. Why aren't we considering pro-growth policies to help the larger economy? We should be considering long-term, pro-growth tax cuts rather than searching for ways to

spend more of the taxpayers' money. For instance, lowering the corporate tax rate would put more money back into the hands of companies all across America. This would help companies stay afloat and to avoid cutting jobs during these difficult times. Instead, the Democrats are looking to spend money on bloated, uncompetitive automakers.

As we debate whether to loan billions of dollars to the automakers, I urge my colleagues to consider all the important questions I have raised today. This issue is not as simple as answering "how many jobs might be lost?" or "how much it will cost the government?" We must also consider questions such as "what is the Government's proper role during this economic downturn?" "What could be the unintended consequences of our actions?" "Are we setting a dangerous precedent for needless political intervention?" "How might this affect our ballooning deficit?" "Are we taking the best course of action for the long-term health of the U.S. Government?"

We would do America a disservice by approving any bailout package for the Big 3 before finding at least some consensus on these questions. Furthermore, I believe we must look more closely at Chapter 11 as a viable option for the automakers. Chapter 11 reorganization for any of the Big 3 is far from ideal, but we do not live in an ideal world nor during ideal times. We should not dismiss one of the most powerful tools available to us so readily.

I hope my colleagues will think long and hard about the issues I have raised today before making any decisions about the possible bailout. If this bailout package that is before us today fails, we can rewrite the bill and do it in a way that is better for the U.S. auto manufacturing industry. American taxpayers deserve nothing less.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BROWN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARDIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF MORNING BUSINESS

Mr. CARDIN. Mr. President, I ask unanimous consent that the period for morning business be extended until 12 noon, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARDIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. VITTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTOMOBILE INDUSTRY CRISIS

Mr. VITTER. Mr. President, I stand to again address the key issue before us that affects so many Americans, American families, and indeed all of us, through our economy: the proposed U.S. auto industry bailout.

Yesterday, I stood here and announced two conclusions I was driven to reach. First, I would have to strongly oppose the bailout package in its present form because I don't think it demands the fundamental restructuring it will take for those companies to survive. Second, because of that very point, I would use every procedural tool available to block, stop, and delay that package from passing into law.

I, again, reached those conclusions. I restate that commitment for one very simple, very compelling reason—because so much is at stake; because we need to get it right; because millions of individual workers and families, and indeed all of us, through our economy, will suffer the consequences of our not taking appropriate action.

Again, let me be clear, I am not trying to block this package in spite of job losses that would occur if these companies went down. I am trying to block this package because of that, in light of that, because this package doesn't demand the fundamental core restructuring that is absolutely necessary for these companies to survive.

This package puts those companies down a road where I believe that is unlikely to ever happen. It would throw a lot of taxpayer dollars at the problem to buy time, but it doesn't change the endgame, in my opinion.

Let me also make clear, having said all that, I am not for doing nothing. I am not for going home and forgetting about this and walking away. This is a serious crisis we must address. I am for doing something, but the right thing, the right way, something that will ensure, demand the fundamental core restructuring it will take for these American companies to survive.

What do I mean by that? I could support a few alternatives. Let me outline two specific alternatives that are being worked on now, that have been developed, that are being discussed by many Members that I could support. First of all, I could certainly support a strong, comprehensive alternative being developed by Senator BOB CORKER of Tennessee and others. That proposal wouldn't throw \$14 billion at the company before any outline of a restructuring plan is agreed to. It would say: No, we need to agree and nail down and ensure some of those fundamentals now, before any taxpayer dollars go to those companies.

What are those fundamentals? Senator CORKER outlines four that I agree

are at the core of the issue and must be nailed down before any taxpayer dollars should go to those companies.

First, his proposal would require that participating companies reduce their outstanding debt obligations by at least two-thirds by forcing the companies' bondholders to accept an equity swap or debt for debt and equity swap—in other words, for the taxpayer dollars we would be sending to those companies not to boost the take, not to boost the value of bonds for those bondholders, but for the bondholders to contribute something up front to reduce the debt of the companies. That is crucial because right now those companies, particularly GM, are drowning under unbelievable debt, and that alleged loan would be on top of that. So that is crucial.

Second, we would agree up front that the companies would become more competitive by requiring that all-in labor costs and work rules would be immediately on par with other automaking companies such as Nissan, Toyota, and Honda. Obviously, a major source of the uncompetitiveness of the three U.S. automakers is their labor costs. They cannot possibly compete in this global marketplace when their costs are way, way higher, 80 percent higher than competitors such as Toyota, Honda, and Nissan. This aspect of the Corker plan would ensure that is nailed down up front.

Third, the legislation would require that changes in payments to the UAW VEBA accounts occur to help the companies' cash flow, specifically that at least half of any scheduled payments be made in stock. There again, it would reinforce the sense that the workers and the union have a real stake in all of this working and in those companies surviving.

Fourth, any compensation, outside of customary severance pay, that goes now to workers who have been fired or laid off or furloughed would end. Again, a major cost to these U.S. companies, a major source of their uncompetitiveness is they are paying lots of money, tens of millions or billions of dollars for people not to work, for people not to work.

That is a plan I could support. That is not putting the cart before the horse. That is getting things in the right order, nailing down that essential restructuring now before any taxpayer dollars go out the door.

A second alternative I could support would involve a formal bankruptcy process. A lot of folks make the argument that bankruptcy is not an option, that consumers will never buy a car of a company in bankruptcy; they don't know if the warranty will be there or be good 6 months or a year from now. We can fix that problem. We can address that problem with appropriate limited Government assistance and participation in the formal bankruptcy.

Specifically, I would support a plan whereby the Government could play

that role in two limited, specific ways: one, backing up the warranty obligations of the companies with the full faith and credit of the U.S. Government so consumers can retain that confidence and, two, providing debtor-in-possession financing if that is necessary. I believe the Government playing that crucial role, or something akin to that, can make a traditional bankruptcy process work.

Again, Mr. President, I stand before you and my colleagues in the Senate—indeed, all the American people—to urge us to adopt one of those alternative paths, to urge us to think outside the tiny constricted box folks have tried to put us into and find a third way, a better way which does exist. There are folks who argue it is this or bust. Quite frankly, that is baseless fear mongering. There is another way. There is a third path and a better way. I have outlined two just in the last few minutes. Let's choose that better path. Let's do the responsible thing. Let's demand the fundamental core restructuring it will take for these companies to survive. And let's demand it and nail it down now, not throw billions of taxpayers' dollars at them simply upon the request that they sit down to begin to think about such restructuring. That is the plan before us. That is unreasonable. That is not an appropriate role for the taxpayers. But these two alternatives I outlined would be far different, would demand and ensure that core fundamental restructuring happens.

Mr. President, I urge all of my colleagues, Democrats and Republicans, to join me in voting no on the important vote tomorrow morning on the present plan and to say yes to real restructuring, fundamental core restructuring that can save a maximum number of these jobs in America.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCCONNELL. Mr. President, these are, indeed, turbulent times for the U.S. economy. Over the past several months, Americans have seen giant companies fail, significant job losses, and, after unprecedented problems in the credit markets, the frightening prospect of total disarray within our Nation's mainstream economy.

The crisis in the credit markets came at us quickly. We were told that urgent Government action was needed in order to shore up the broader economy and that failure to act would lead to a complete collapse of consumer credit, the very lifeblood of our Nation's economy. Under ordinary circumstances, I would have opposed such a measure. Government intervention in the marketplace,